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- BC's year-over-year inflation rises to 2.1% in August; energy costs up 9.0%
- Retail sales rebound in July but wholesale sales remain slow
- Visitor entries drop 0.8% in July; travel from the US also down 0.8%

## Prices

• British Columbia's year-over-year inflation rate rose to 2.1% in August, as energy costs continued to drive up the all-items Consumer Price Index (CPI). Consumers paid 9.0% more for energy as prices at the pump increased 16.2%, while the cost of fuel oil (+18.7%) and piped gas (+5.3%) was up substantially from August 2004 levels. Excluding energy products, BC's inflation rate would have been 1.4%, marginally lower than in July.

The energy index will likely climb even higher when the impact of hurricane Katrina-plus further possible disruptions after Rita slams the oil-producing gulf states in the US this weekend-works its way into the CPI. Surveying for the index is done in the first three weeks of the month, and given that Katrina made landfall in late August, the ongoing effects of the storm may not show up in the index until the September data is released next month.

Transportation costs rose 4.3%, partly because consumers paid more to fill up their gas tanks, but also because airlines and other businesses in the industry raised their prices or added fuel surcharges. Intercity transportation cost 3.7% more than in August 2004. However, car owners paid less for vehicle insurance (-0.9%).

Shelter costs were up 1.8%. Homeowners paid 2.4% more for their accommodation, while renters faced an average increase of 0.3%. Consumers also paid more (+1.9%) for food (especially restaurant meals, +3.7%), alcohol (+1.4%), tobacco (+2.3%) and health & personal care products & services (+2.3%). The cost of operating and furnishing a household increased a modest 0.6%, while clothing & footwear prices were unchanged (+0.1%). Recreation, educa-

tion & reading materials cost 1.4% more than in August 2004.

*Data Source: Statistics Canada & BC Stats*

• Year-over-year inflation rates topped the two percent mark in every province last month. BC had the lowest rate in the country, largely because energy costs did not increase as much here as in other parts of Canada. Residents of PEI, where energy prices rose a whopping 18.8%, faced the biggest increase (+3.2%) in the CPI. The Canadian inflation rate was 2.6%, and the average increase in energy costs was 12.5%.

Vancouver was the only major Canadian city with an inflation rate (+1.9%) of less than two percent. Victoria (+2.2%) had the third-lowest inflation rate in the country.

*Data Source: Statistics Canada*

• In Victoria, the average cost of a litre of regular self-serve gasoline was \$1.078 in August, more than in any other major southern Canadian city except St John's, Newfoundland, where prices averaged \$1.080. While gas prices are usually highest in St John's, Victoria has been firmly ensconced in second place during most of the last two-and-a-half years. Prices in Vancouver are slightly lower, averaging \$1.053 in August. Calgary (\$0.934) had the lowest gas prices in the country.

*Data Source: Statistics Canada*

## The Economy

• Retailers in the province had a better month in July, as sales rebounded, (+1.5%, seasonally adjusted) following three months of little or no growth. Pharmacies and department stores made solid gains in July. Retailers of consumer durables such as home electronics, appliances and furniture also had higher receipts. However, new car dealers did not fare as well despite moving 2.0% more vehicles off their lots in July. With dealer incentives keep-

### Did you know...

Over 300 million prescriptions are filled in Canada each year—an average of 10 per person

ing a lid on per-unit prices, the value of sales dipped in July.

Canadian sales continued to climb, rising 1.5% after posting a similarly strong increase (+1.3%) in the previous month. Retailers in every province except PEI (-1.2%) made gains, although the increases in Nova Scotia (+0.1%) and Quebec (+0.4%) were modest. In the rest of the country, sales rose at rates ranging from +0.9% in Newfoundland & Labrador to +4.0% in Manitoba. All four western provinces posted solid growth.

*Data Source: Statistics Canada & BC Stats*

- Wholesale sales slipped again in July, dropping (-1.2%, seasonally adjusted) for the third time since April. Wholesalers of lumber & millwork, computers, office equipment and clothing registered sharp declines, which were partly price-related (producer prices for softwood lumber and other wood products have fallen substantially in recent months). On the other hand, sales by wholesalers of farm products, pharmaceuticals, motor vehicles and machinery were higher than in June.

Canadian sales were also weak in July, dropping 0.5%. Wholesaling activities in most provinces were sluggish. Saskatchewan (+2.5%), Alberta (+1.5%) and Nova Scotia (+1.4%) were the only provinces where sales improved.

*Data Source: Statistics Canada & BC Stats*

### Tourism

- The number of visitors entering Canada via BC borders fell 0.8% (seasonally adjusted) in July, marking the second consecutive decline in traveller entries to the province. Entries from the US, the source of 80% of international travellers to BC, were also down 0.8%. Same-day trips by Americans, which had staged a modest comeback earlier in the year, dropped off 3.9%, but there were more overnight travellers from south of the border (+0.8%). Travel from the US to Canada has been declining in recent months as the rising value of the loonie, combined with higher fuel costs, seems to be putting the brakes on excursions north of the border. Total entries to all parts of Canada from the US were down (-2.9%) for the third straight month in July.

Overseas entries to BC continued to slip (-1.0%). Travel from Asia stalled (-0.1%), largely due to downturns in three of the biggest Asian markets: Hong Kong (-12.9%), Japan (-6.0%) and South Korea (-4.8%). Entries from Europe increased 0.4%.

The number of Canadians returning home via BC edged up 0.2% in July. More people made same-day car trips to the US (+1.5%), but there were fewer travellers returning from trips overseas (-5.8%).

*Data Source: Statistics Canada & BC Stats*

### Prescription Drugs

- In 2002, six out of every ten households in Canada reported out-of-pocket spending on prescription drugs totalling \$3 billion. The average expenditure for those who paid out-of-pocket for at least some of their medications was \$378, up 71% from \$222 in 1992 (by comparison, the cost of food, clothing & shelter increased 11% over the same period).

Nationally, 6.5% of households spent more than 3% of their household income on prescription drugs in 2002. The ratio was 5.7% in BC. Ontario (3.3%) and Alberta (5.2%) were the only provinces where proportionally fewer households spent at least 3% of their income on medications.

*Data Source: SC, Catalogue 75-001-XIE*

### The Nation

- Surging commodity prices and soaring profits, particularly in the resource sector, are contributing to an investment boom in Canada. For most of the last two decades, firms shifted away from investing in the resource sector, but there has been a turnaround: investment by the energy sector has risen from \$25 billion in 2001 to a planned outlay of \$40 billion this year, largely due to spending on oil and gas exploration. In British Columbia, work has begun on a number of mining and infrastructure projects.

*Data Source: SC, The Daily*

- Canada's composite leading indicator posted a 0.3% gain in August, as six of the index's ten components advanced. However, the manufacturing sector continued to slow.

*Data Source: Statistics Canada*

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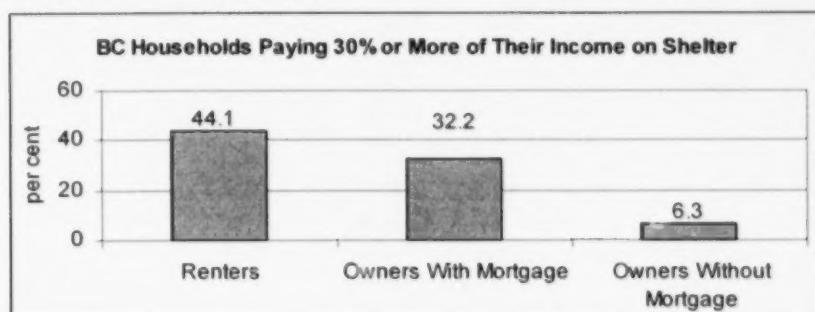
Contact: Data Services (250) 387-0327  
Originally published in 2001 Census Fast Facts

## Housing Affordability in BC

Housing affordability is a problem for 28.6 per cent of British Columbia households, according to the 2001 Census. Households are considered to have affordability problems if more than 30 per cent of their income is spent on housing, resulting in the possibility that not enough money will be left over for other necessities.

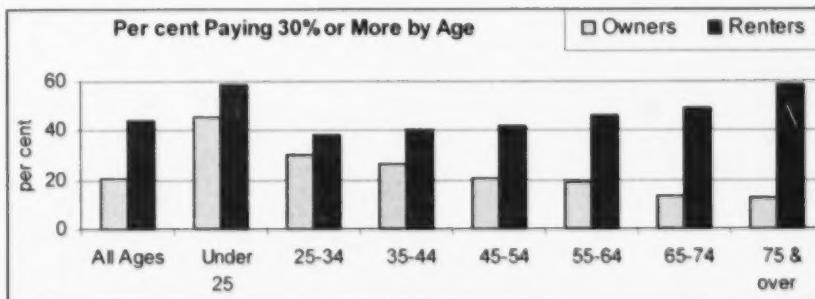
Renters are more than twice as likely as homeowners to experience housing afforda-

bility problems. While 44.1 per cent of renters spent more than 30 per cent of their household income on shelter costs, only 20.7 per cent of homeowners found themselves in the same situation. However, when homeowners without mortgages are excluded, 32.2 per cent of homeowners with mortgages have a housing affordability problem (compared to 6.3 per cent of homeowners without mortgages).



When looking at the average monthly costs of homeowners and renters, BC homeowners spent an average of \$904 per month compared to \$750 for renters. It is not surprising to find that those spending less than 30 per cent of their household income on shelter costs have, on average, lower monthly payments than those spending more than 30 per cent. For homeowners the difference is substantial (\$779 vs. \$1,383), while for renters it is much less so (\$723 vs. \$785).

Housing affordability fluctuates by age group as well, with younger people experiencing more affordability problems than the middle-aged. Seniors aged 65 and over also have affordability concerns, but only if they are renting or have a mortgage. If they are mortgage-free, they have the lowest incidence of housing affordability problems among all the age groups.



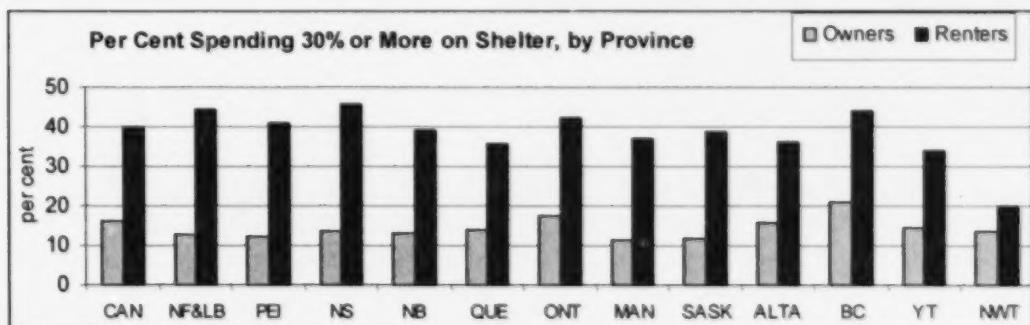
Within British Columbia there are regional disparities with respect to housing affordability. The Greater Vancouver Regional District has the highest percentage of households paying 30 per cent or more of their income on shelter (31.4 per cent). However, the Squamish-Lillooet Regional District has the highest costs, with owners paying an average of \$1,073 per month, and renters paying an average of \$931 per month. The resort municipality of Whistler is largely responsible for the high figures in this district. The Greater Vancouver Regional District also has several municipalities whose housing costs are very high, for both homeowners and renters. For high-priced housing (owned or rented) the 30 per cent rule may not necessarily indicate a housing affordability problem. High-income households paying more than 30 per cent of their income on shelter costs may still have sufficient money left over for other necessities.

Residents of the rural areas of the province experience the lowest incidence of housing affordability problems, with the Stikine region the most affordable in terms of owning or renting, followed by the Central Coast

Regional District. It is not surprising that the more urban areas have the highest costs, fuelled by the demands of a growing population.

Housing costs in British Columbia are higher than the Canadian average. The average monthly shelter cost for British Columbia homeowners was \$904, above the national average of \$835, and behind only Ontario and two of the territories. Homeowners' costs ranged from a high of \$1,066 in the Northwest Territories to a low of \$534 in Newfoundland & Labrador. Renters in British Columbia paid an average of \$750 per month, compared to the Canadian average of \$648. Rents ranged from a high of \$753 in Ontario to a low of \$470 in Nunavut.

Among the provinces and territories, British Columbia has the highest percentage of homeowners (20.7%) spending 30 per cent or more of their household income on shelter. This is well above the national average of 16.0 per cent. The per cent of renters in BC with housing affordability problems (44.1%) is also high compared to the national average (39.6%).



Not only are shelter costs for BC households above the national average, but their household incomes are below the national average. The British Columbia average household income is \$57,883, compared to the Canadian average of \$58,535. The highest

household incomes are found in the Northwest Territories (\$72,101), Ontario (\$66,911) and Alberta (\$64,618).



## Average Monthly Shelter Costs for Households Across Canada, 2001 Census

<b>Average Owner's Major Payments (\$)</b>				
	Total - All Owners	Owners spending less than 30% of household income on housing costs	Owners spending 30% or more of household income on housing costs	Per cent of owners spending 30% or more on shelter
<b>Canada</b>	835	759	1,233	16.0
Newfoundland and Labrador	534	489	845	12.7
Prince Edward Island	605	549	1,023	12.0
Nova Scotia	633	587	928	13.6
New Brunswick	583	526	966	12.9
Quebec	706	647	1,065	14.1
Ontario	964	886	1,335	17.3
Manitoba	685	633	1,090	11.3
Saskatchewan	638	595	972	11.5
Alberta	875	814	1,206	15.5
<b>British Columbia</b>	904	779	1,383	20.7
Yukon Territory	851	792	1,197	14.6
Northwest Territories	1,066	1,023	1,340	13.6
Nunavut	1,053	972	-	-

<b>Average Gross Rent (\$)</b>				
	Total - All Tenants	Renters spending less than 30% of household income on housing costs	Renters spending 30% or more of household income on housing costs	Per cent of renters spending 30% or more on shelter
<b>Canada</b>	648	620	692	39.6
Newfoundland and Labrador	513	473	564	44.2
Prince Edward Island	543	525	568	41.0
Nova Scotia	589	567	616	45.5
New Brunswick	507	479	552	39.1
Quebec	529	503	576	35.9
Ontario	753	734	779	42.2
Manitoba	523	496	568	37.1
Saskatchewan	524	485	586	38.6
Alberta	673	656	704	36.0
<b>British Columbia</b>	750	723	785	44.1
Yukon Territory	673	648	722	33.8
Northwest Territories	731	670	984	19.6
Nunavut	470	403	1,105	9.5

Source: Statistics Canada, 2001 Census, Tables 97F0021XCB01010.ivt and 97F0021XCB01011.ivt  
 Prepared by: BC STATS, September 2005

## Notes:

Owner's major payments refers to the total average monthly payments made by owner households to secure shelter.  
 Income is the total household income in 2000 of all members of that household.

**Per Cent of Owners and Renters Spending More than 30% of Their Household Income on Shelter, by Age of Primary Household Maintainer, British Columbia, 2001 Census**

	All Ages	Under 25	25-34	35-44	45-54	55-64	65-74	75 & over
Owners	20.7	45.3	29.8	26.5	20.5	18.8	13.2	12.2
With mortgage	32.2	48.1	32.3	30.9	27.8	32.9	45.9	58.6
Without mortgage	6.3	37.0	10.5	7.0	6.7	7.9	4.2	5.4
Renters	44.1	58.4	38.1	40.5	42.0	45.8	49.0	58.6

Source: Statistics Canada, 2001 Census, Table 97F0021XCB01007.ivt and 97F0021XCB01008.ivt

Prepared by: BC STATS, September 2005

**Notes:**

Owner's major payments refers to the total average monthly payments made by owner households to secure shelter.

Income is the total household income in 2000 of all members of that household.

**Average Household Income in 2000 by Tenure and Presence of Mortgage, for Canada, Provinces and Territories, 2001 Census**

	All Households	Owned Households			Rented Households
		All Owned Households	With Mortgage	Without Mortgage	
		(\$)	(\$)	(\$)	
Canada	58,535	70,340	74,638	65,040	36,008
Newfoundland & Labrador	46,288	51,162	61,024	44,514	28,835
Prince Edward Island	47,925	54,756	59,214	50,121	29,728
Nova Scotia	48,574	56,090	63,058	49,312	30,230
New Brunswick	47,498	53,686	58,756	48,654	29,199
Quebec	49,982	62,944	66,611	58,246	32,269
Ontario	66,911	79,838	83,455	75,226	39,883
Manitoba	51,568	61,594	66,008	56,789	29,727
Saskatchewan	49,640	58,272	64,812	52,316	29,214
Alberta	64,618	75,466	76,831	73,437	39,402
British Columbia	57,883	67,976	73,213	61,454	38,171
Yukon Territory	62,185	72,415	78,817	63,430	41,654
Northwest Territories	72,101	86,279	95,606	70,735	55,695
Nunavut	56,786	81,782	82,115	81,025	48,819

Source: Statistics Canada, 2001 Census, Table 97F0020XCB01088.ivt

Prepared by: BC STATS, September 2005

**Regional Shelter Costs for Households in British Columbia, 2001 Census**

Regional District	Per Cent Spending 30% or More on Shelter			Average Owner's Major Payments (\$)	Average Gross Rent (\$)
	Total - Tenure	Owners	Renters		
<b>British Columbia</b>	<b>28.6</b>	<b>20.7</b>	<b>44.1</b>	<b>904</b>	<b>750</b>
Alberni-Clayoquot	23.7	15.0	46.9	637	547
Bulkley-Nechako	18.3	14.0	31.9	722	558
Capital	28.4	19.1	44.6	879	726
Cariboo	22.1	15.5	42.6	690	570
Central Coast	22.3	11.8	42.2	446	475
Central Kootenay	24.1	16.3	48.4	598	576
Central Okanagan	27.1	19.9	46.1	819	732
Columbia-Shuswap	23.9	16.9	45.5	651	589
Comox-Strathcona	23.9	16.2	45.4	697	621
Cowichan Valley	24.9	17.5	49.9	718	621
East Kootenay	20.1	14.1	39.7	685	586
Fraser Valley	29.1	22.1	46.1	902	688
Fraser-Fort George	23.0	15.0	44.5	835	640
Greater Vancouver	31.4	24.0	43.2	1,057	814
Kitimat-Stikine	19.6	12.4	41.1	724	626
Kootenay Boundary	20.6	14.2	44.3	608	530
Mount Waddington	16.6	12.2	26.8	716	564
Nanaimo	27.3	18.6	52.0	719	645
North Okanagan	27.7	19.5	49.3	741	639
Northern Rockies	14.8	10.0	25.5	890	677
Okanagan-Similkameen	26.2	17.3	48.6	621	634
Peace River	20.2	14.5	33.6	747	625
Powell River	20.3	13.3	44.3	589	554
Skeena-Queen Charlotte	25.5	17.5	38.6	829	589
Squamish-Lillooet	29.8	25.1	39.0	1,073	931
Stikine (unincorporated)	9.4	3.3	26.1	346	438
Sunshine Coast	26.0	19.3	49.6	724	651
Thompson-Nicola	25.5	16.6	49.2	757	622

Source: Statistics Canada, 2001 Census, Table 95F0444XCB01006.iv1, and 2001 Census Profile  
 Prepared by: BC STATS, September 2005

**Notes:**

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 Income is the total household income in 2000 of all members of that household.

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## BC at a glance . . .

<b>POPULATION (thousands)</b>		Apr 1/05	% change on one year ago
BC	4,232.5	1.2	
Canada	32,146.5	0.9	
<b>GDP and INCOME</b>		2004	% change on one year ago
(BC - at market prices)			
Gross Domestic Product (GDP) (\$ millions)	156,481	7.5	
GDP (\$ 1997 millions)	138,783	3.9	
GDP (\$ 1997 per Capita)	33,072	2.8	
Personal Disposable Income (\$ 1997 per Capita)	20,002	1.2	
<b>TRADE (\$ millions, seasonally adjusted)</b>		Aug '05	12-month avg % change
Manufacturing Shipments - Jul	3,392		
Merchandise Exports - Jul	2,599	-5.5	
Retail Sales - Jul	4,183	-9.8	
<b>CONSUMER PRICE INDEX</b>		Aug '05	% change on prev. month
(all items - 1992=100)			
BC	125.9	2.0	
Canada	128.0	2.1	
<b>LABOUR FORCE (thousands)</b>		Aug '05	% change on prev. month
(seasonally adjusted)			
Labour Force - BC	2,265	0.0	
Employed - BC	2,133	0.4	
Unemployed - BC	132	-6.0	
Unemployment Rate - BC (percent)	5.8	6.2	
Unemployment Rate - Canada (percent)	6.8	6.8	
<b>INTEREST RATES (percent)</b>		Sep 21/05	Sep 22/04
Prime Business Rate	4.50	4.00	
Conventional Mortgages - 1 year	5.00	4.80	
- 5 year	5.80	6.40	
<b>US/CANADA EXCHANGE RATE</b>		Sep 21/05	Sep 22/04
(avg. noon spot rate) Cdn \$	1.1693	1.2817	
US \$ (reciprocal of the closing rate)	0.8546	0.7789	
<b>AVERAGE WEEKLY WAGE RATE</b>		Aug '05	% change on one year ago
(industrial aggregate - dollars)			
BC	702.66	2.1	
Canada	708.30	4.2	
<b>SOURCES:</b>			
Population, Gross Domestic Product, Trade,	} Statistics Prices, Labour Force, Wage Rate		
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics			
For latest Weekly Financial Statistics see <a href="http://www.bankofcanada.ca">www.bankofcanada.ca</a>			

## New on our site!

## The Media Room

We've added a page aimed at journalists. The link to this is on our home page, in the top-most blue panel on the left.

<http://www.bcstats.gov.bc.ca/media.asp>

## Worth a Bookmark!

## The Business Gateway

This is a page designed to whisk our business clients to appropriate resources on our site and beyond. Since last week we have added a new link on this page to the Consumer Trends page on the Industry Canada site. Links to the business gateway are on our at the top of our business and industry page and at the top of our small business page. As always, we welcome your comments and suggestions for improvement.

[www.bcstats.gov.bc.ca/data/bus\\_stat/bus\\_gate.asp](http://www.bcstats.gov.bc.ca/data/bus_stat/bus_gate.asp)

## Released this week by BC STATS

- Consumer Price Index, August 2005

## Next week

- Business Indicators, September 2005
- Current Statistics, September 2005
- Migration Highlights, 2<sup>nd</sup> Quarter 2005
- Immigration Highlights, 2<sup>nd</sup> Quarter 2005